Business Asset Purchase

Decision Readiness Checklist

Purpose

Purchasing business assets can support growth, efficiency, and profitability.

However, not every deductible purchase is a good business decision.

This checklist is designed to help evaluate whether a proposed asset purchase supports the goals and financial health of the business.

The goal is not maximizing deductions.

The goal is making thoughtful capital allocation decisions.

Asset Information

Have you clearly identified the asset being purchased?

☐ Equipment

☐ Vehicle

☐ Technology

☐ Furniture

☐ Machinery

☐ Building

☐ Software

☐ Other: ________________

What business problem is the asset intended to solve?

☐ Increase revenue

☐ Reduce expenses

☐ Improve efficiency

☐ Replace outdated equipment

☐ Expand capacity

☐ Meet compliance requirements

☐ Improve customer experience

☐ Other: _________________

Is the purchase necessary now?

☐ Yes

☐ Maybe

☐ No

Financial Readiness

Do you understand the total cost of ownership?

☐ Purchase price

☐ Sales tax

☐ Installation costs

☐ Maintenance costs

☐ Insurance costs

☐ Training costs

☐ Financing costs

☐ Upgrade or replacement costs

Have you reviewed the impact on cash flow over the next 12 months?

☐ Yes

☐ No

Will the purchase materially reduce cash reserves?

☐ Yes

☐ No

☐ Unsure

Have you identified how the purchase will be funded?

☐ Cash

☐ Line of credit

☐ Equipment financing

☐ SBA loan

☐ Lease

☐ Other: _________________

Have you compared financing alternatives?

☐ Yes

☐ No

Business Value Assessment

How will you know this purchase was successful?

☐ Increased revenue

☐ Reduced expenses

☐ Time savings

☐ Improved efficiency

☐ Better customer experience

☐ Reduced business risk

☐ Other: _________________

Have you estimated the expected return on investment?

☐ Yes

☐ No

☐ Not Applicable

Have you compared alternative solutions?

☐ Multiple vendors

☐ Used equipment

☐ Lease options

☐ Delaying purchase

☐ Alternative solutions

☐ Not yet

Is the asset expected to become obsolete quickly?

☐ Yes

☐ No

☐ Unsure

Will the purchase require additional staffing, training, or support?

☐ Yes

☐ No

☐ Unsure

Tax Considerations

Have you reviewed the tax treatment?

☐ Bonus depreciation

☐ Section 179

☐ Regular depreciation

☐ Financing deductions

☐ State tax implications

☐ Business-use requirements

☐ Not reviewed

Will the asset be used primarily for business purposes?

☐ Yes

☐ No

☐ Mixed use

If there were no tax deduction available, would you still make the purchase?

☐ Yes

☐ No

☐ Unsure

Quick Self-Assessment

Strong Foundation

☐ Business need clearly identified

☐ Cash flow impact reviewed

☐ Funding source identified

☐ Expected benefit measurable

☐ Tax treatment understood

☐ Alternatives evaluated

Needs Additional Review

☐ Business purpose unclear

☐ Cash flow impact unknown

☐ Financing options not reviewed

☐ Expected benefits difficult to measure

☐ Tax treatment not reviewed

☐ Alternatives not evaluated

Consider Professional Review

☐ Purchase exceeds 10% of annual revenue

☐ Financing is required

☐ Vehicle purchase

☐ Real estate purchase

☐ Significant equipment investment

☐ Purchase materially reduces cash reserves

☐ Tax treatment is influencing timing or structure

Potential Next Steps

☐ Review cash flow projections

☐ Compare financing options

☐ Obtain multiple quotes

☐ Compare leasing versus purchasing

☐ Review expected return on investment

☐ Review tax treatment

☐ Review business-use requirements

☐ Schedule a Business Planning Review

Final Readiness Question

Before moving forward, which statement feels more accurate?

☐ This purchase helps the business accomplish something important.

☐ The tax deduction is the primary reason I am considering it.

If the second statement feels more accurate, it may be worth slowing down and evaluating the decision further.

The strongest business purchases are usually driven by business needs first and tax benefits second.

Disclaimer

This Checklist is intended for educational and planning purposes only. It is not legal, tax, accounting, investment, or financial advice.

Every situation is unique. Tax laws, financing options, and business circumstances vary. Before making significant business, tax, or financial decisions, consult with your professional advisors regarding your specific situation.

Use this Checklist as a framework for thoughtful decision-making, not as a substitute for professional advice.

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